

THE TORONTO STOCK EXCHANGE

1/2/68

FILING STATEMENT NO. 1600.  
FILED, MARCH 14th, 1968.

GRANDROY MINES LIMITED

Full corporate name of Company  
Incorporated under the Ontario Companies Act, by Letters Patent dated January 24, 1951;  
Supplementary Letters Patent dated February 22, 1955; and August 23, 1957.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1933

(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous  
Filing Statement No. 1519

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,  
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

|  |  |  |   |   |                   |
|--|--|--|---|---|-------------------|
| 1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.   | (a) Subject to an increase in the authorized capital of the Company, offering of rights to existing shareholders to purchase a maximum of 970,001 additional shares.<br>(b) Underwriting agreement to ensure receipt of \$200,000.00 by the Company under such rights offering.<br>Reference is made to Item 6 hereof.   |  |   |   |                   |
| 2. Head office address and any other office address.   | Head Office: Suite 908, 330 Bay Street, Toronto, Ontario.  |  |   |   |                   |
| 3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.   | <table><tr><td>PHILIP E. BOYLEN,<br/>Stock Broker,<br/>DAVID W. GORDON,<br/>Professional Secretary,<br/>GORDON L. MOORE,<br/>Mining Executive,<br/>CHARLES B. BRANNIGAN,<br/>Mining Accountant,<br/>MARK E. BUTLER,<br/>Account Executive,</td><td>95 Bayview Ridge Crescent,<br/>Willowdale, Ontario.<br/>51 Alexander Street,<br/>Toronto, Ontario.<br/>257 The East Mall,<br/>Apt. 207,<br/>Islington, Ontario.<br/>40 Elvaston Drive,<br/>Toronto 16, Ontario.<br/>Apt. 10, 2693 Lakeshore<br/>Blvd. West,<br/>Toronto 14, Ontario.</td><td>Director and<br/>President.<br/>Director and<br/>Vice-President.<br/>Director and<br/>Secretary-<br/>Treasurer.<br/>Director and<br/>Assistant<br/>Secretary.<br/>Director.</td></tr></table>  | PHILIP E. BOYLEN,<br>Stock Broker,<br>DAVID W. GORDON,<br>Professional Secretary,<br>GORDON L. MOORE,<br>Mining Executive,<br>CHARLES B. BRANNIGAN,<br>Mining Accountant,<br>MARK E. BUTLER,<br>Account Executive, | 95 Bayview Ridge Crescent,<br>Willowdale, Ontario.<br>51 Alexander Street,<br>Toronto, Ontario.<br>257 The East Mall,<br>Apt. 207,<br>Islington, Ontario.<br>40 Elvaston Drive,<br>Toronto 16, Ontario.<br>Apt. 10, 2693 Lakeshore<br>Blvd. West,<br>Toronto 14, Ontario. | Director and<br>President.<br>Director and<br>Vice-President.<br>Director and<br>Secretary-<br>Treasurer.<br>Director and<br>Assistant<br>Secretary.<br>Director. |                   |
| PHILIP E. BOYLEN,<br>Stock Broker,<br>DAVID W. GORDON,<br>Professional Secretary,<br>GORDON L. MOORE,<br>Mining Executive,<br>CHARLES B. BRANNIGAN,<br>Mining Accountant,<br>MARK E. BUTLER,<br>Account Executive, | 95 Bayview Ridge Crescent,<br>Willowdale, Ontario.<br>51 Alexander Street,<br>Toronto, Ontario.<br>257 The East Mall,<br>Apt. 207,<br>Islington, Ontario.<br>40 Elvaston Drive,<br>Toronto 16, Ontario.<br>Apt. 10, 2693 Lakeshore<br>Blvd. West,<br>Toronto 14, Ontario.  | Director and<br>President.<br>Director and<br>Vice-President.<br>Director and<br>Secretary-<br>Treasurer.<br>Director and<br>Assistant<br>Secretary.<br>Director.  |   |   |                   |
| 4. Share capitalization showing authorized and issued and outstanding capital.   | <table><tr><td>CAPITAL STOCK<br/>AUTHORIZED:</td><td>5,000,000 shares (Common) without nominal or<br/>par value.</td></tr><tr><td>ISSUED:</td><td>4,850,005 shares.</td></tr></table>  | CAPITAL STOCK<br>AUTHORIZED:   | 5,000,000 shares (Common) without nominal or<br>par value.  | ISSUED:   | 4,850,005 shares. |
| CAPITAL STOCK<br>AUTHORIZED:   | 5,000,000 shares (Common) without nominal or<br>par value.   |  |   |   |                   |
| ISSUED:  | 4,850,005 shares.  |  |   |   |                   |
| 5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.  | None authorized or outstanding.  |  |   |   |                   |
| 6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.                                     | <p>The Company proposes to increase its authorized capital from 5,000,000 shares without par value to 10,000,000 shares without par value, such increase in capital to be effected by supplementary letters patent if the shareholders of the Company approve. It is proposed that a meeting of the shareholders to consider the increase in capital will be held as soon as possible.</p> <p>Subject to the issue of supplementary letters patent to increase its authorized capital as aforesaid, the Company will offer to its shareholders of record at a date to be fixed by the directors (such date to follow as closely as possible the issue of supplementary letters patent), the right to purchase at a price of 40¢ per share one additional share in the capital of the Company for every five shares held at the record date. Subscriptions for fractional shares will not be accepted. The new issue will not be registered under The Securities Act of 1933 of the United States of America, and the shares will not be offered to shareholders whose recorded addresses are in the United States or any of its territories or possessions. The rights to purchase such shares will be transferable and will be traded in on the Toronto Stock Exchange and the Canadian Stock Exchange until shortly before they expire. There is understood to be no objection to a U.S. shareholder selling his rights. The offering of such shares will terminate four weeks after the record date. It is expected that the record date will be established as a date in the month of March following acceptance for filing of notice of the proposed offering by the Toronto and Canadian Stock Exchanges and exemptions from registration for the shares to be offered to the shareholders under The Securities Act, 1966 (Ontario) and the Quebec Securities Act, and following supplementary letters patent to increase the capital of the Company.</p> <p>Mikaris Holdings Limited, a registered Underwriter under The Securities Act, 1966 (Ontario), acting as the principal, has agreed with the Company to purchase at the said price of 40¢ per share at the termination of the aforesaid rights offering, such number of treasury shares of the Company (if any), the proceeds of which when added to the proceeds of the sale of shares upon exercise of rights of shareholders will provide the Company with the sum of \$200,000.00.</p> <p>Any shares which the underwriter may be required to purchase under its aforesaid commitment may be offered in primary distribution thereafter only in accordance with the provisions of The Securities Act, 1966. If called upon to do so by the underwriter, the Company must file a statement of Material Facts respecting such shares.</p> <p>The Company has applied to the Ontario Securities Commission and the Quebec Securities Commission for an exemption from registration under the respective Securities Acts of Ontario and Quebec for the shares which shall be purchased by shareholders of the Company under the rights offering.</p> |  |   |   |                   |



| 7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.   | Those who have any interest direct or indirect in the underwriting agreement referred to in Item 6 hereof are those who are the shareholders of Mykalis Holdings Limited, the underwriter named therein. Such shareholders are David W. Gordon, 51 Alexnader Street, Toronto 5, Ontario, Philip E. Boylen, 95 Bayview Ridge Crescent, Willowdale, Ontario, and James A. Boylen. R.R. No. 2, Malton, Ontario.  |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
|--|---|--------------------------|---------------------------|--|--|--|------------------|--|--------------------|--|--|--------------------------------|-----------------|---|-------------------|--------|---|--------|---|---|---------|---|---|--|
| 8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.  | None.   |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| 9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.   | <p>The mining operation as set forth under Item 19 hereof is continued. Also, the Company plans to explore its uranium property in Desherbiers and Johan Beetz Townships in the Province of Quebec as in large part recommended in a report dated November 13th, 1967 and supplemental report dated February 2nd, 1968, by C. T. Ritchie, B.Sc., P.Eng., Consulting Geologist.</p> <p>The proceeds derived from the issue of Rights of the Company will be used for the aforementioned purpose to maintain its mining properties in good standing and for general administrative expenses.</p> <p>No funds of the Company will be used for the purchase of securities other than securities eligible for investment by insurance companies without prior notice thereof being given to and accepted for filing by the Toronto Stock Exchange.</p>   |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| 10. Brief statement of company's chief development work during past year.  | <p>162,100 tons of ore were mined from the Company's orebody in Roy Township, Quebec, and this operation is continuing. Also, the Company staked 130 claims comprising an area of approximately 5,200 acres for staking costs amounting to \$9,001.77 situate in and near Desherbiers and Johan Beetz Township in the Province of Quebec, and since April has actively explored the latter property, which is now being diamond drilled.</p> <p>The Company's mining properties are maintained in good standing.</p>  |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| 11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.   | None.   |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| 12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.                 | None.   |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| 13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.  | <p>1,215,000 shares of the Company are held in escrow by Guaranty Trust Company of Canada at 366 Bay Street, Toronto, Ontario. The said shares are subject to release, transfer, hypothecation or other alienations only upon the written consents of The Toronto and Canadian Stock Exchanges, the Quebec Securities Commission and the Board of Directors of the Company.</p>   |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| 14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)  | <p>The Escrowed shares referred to in Item No. 13 hereof are, in so far as the Company is aware, beneficially owned as follows:</p> <table><tr><td>Philip E. Boylen,<br/>95 Bayview Ridge Crescent, Willowdale, Ont.</td><td>- 900,000 shares</td></tr><tr><td>James A. Boylen,<br/>R.R. No. 2, Malton, Ont.</td><td>- 100,000 shares</td></tr><tr><td>Dorothy E. Coulter,<br/>9 Country Club Drive, Islington, Ont.</td><td>- 125,000 shares</td></tr><tr><td>Walter Leamy,<br/>P.O. Box 577, Noranda, Que.</td><td>- 64,350 shares</td></tr><tr><td>Paul A. Perigny,<br/>Amos, Que.</td><td>- 16,650 shares</td></tr><tr><td>Paul Valliere,<br/>Amos, Que.</td><td>- 9,000 shares</td></tr></table>   |                          |                           | Philip E. Boylen,<br>95 Bayview Ridge Crescent, Willowdale, Ont. | - 900,000 shares   | James A. Boylen,<br>R.R. No. 2, Malton, Ont. | - 100,000 shares | Dorothy E. Coulter,<br>9 Country Club Drive, Islington, Ont.           | - 125,000 shares   | Walter Leamy,<br>P.O. Box 577, Noranda, Que. | - 64,350 shares  | Paul A. Perigny,<br>Amos, Que. | - 16,650 shares | Paul Valliere,<br>Amos, Que.  | - 9,000 shares    |        |   |        |   |   |         |   |   |  |
| Philip E. Boylen,<br>95 Bayview Ridge Crescent, Willowdale, Ont.   | - 900,000 shares  |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| James A. Boylen,<br>R.R. No. 2, Malton, Ont.   | - 100,000 shares  |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Dorothy E. Coulter,<br>9 Country Club Drive, Islington, Ont.   | - 125,000 shares  |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Walter Leamy,<br>P.O. Box 577, Noranda, Que.   | - 64,350 shares   |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Paul A. Perigny,<br>Amos, Que.   | - 16,650 shares   |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Paul Valliere,<br>Amos, Que.   | - 9,000 shares  |                          |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| 15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state. | <table><tr><th>Registrant</th><th>Total Number<br/>of Shares</th><th>Shares Held<br/>in Escrow</th></tr><tr><td>Philip E. Boylen,<br/>95 Bayview Ridge Cresc., Willowdale, Ont.</td><td>900,001</td><td>900,000</td></tr><tr><td>Houston &amp; Co.,<br/>Houston &amp; Co. Ltd.,<br/>335 Bay Street, Toronto, Ont.</td><td>359,075<br/>110,900</td><td>-<br/>-</td></tr><tr><td>G.W. Nicholson &amp; Company Limited,<br/>67 Richmond St. West, Toronto, Ont.</td><td>209,675</td><td>-</td></tr><tr><td>Doherty Roadhouse &amp; Co.,<br/>Doherty Roadhouse &amp; McCuaig Bros.,<br/>335 Bay Street, Toronto, Ont.</td><td>12,539<br/>132,432</td><td>-<br/>-</td></tr><tr><td>Doherty Roadhouse &amp; McCuaig Bros.,<br/>800 Place de Victoria, Montreal</td><td>36,738</td><td>-</td></tr><tr><td>Robert L. Armstrong,<br/>366 Bay Street, Toronto, Ont.</td><td>170,500</td><td>-</td></tr></table> | Registrant               | Total Number<br>of Shares | Shares Held<br>in Escrow   | Philip E. Boylen,<br>95 Bayview Ridge Cresc., Willowdale, Ont. | 900,001                                      | 900,000          | Houston & Co.,<br>Houston & Co. Ltd.,<br>335 Bay Street, Toronto, Ont. | 359,075<br>110,900 | -<br>-                                       | G.W. Nicholson & Company Limited,<br>67 Richmond St. West, Toronto, Ont. | 209,675                        | -               | Doherty Roadhouse & Co.,<br>Doherty Roadhouse & McCuaig Bros.,<br>335 Bay Street, Toronto, Ont. | 12,539<br>132,432 | -<br>- | Doherty Roadhouse & McCuaig Bros.,<br>800 Place de Victoria, Montreal | 36,738 | - | Robert L. Armstrong,<br>366 Bay Street, Toronto, Ont. | 170,500 | - | <p>The shares registered in the name of Philip E. Boylen are beneficially owned by the registrant. Of the shares registered in the name of Houston &amp; Co., 36,650 of such shares are beneficially owned by Lanson Holdings Limited at Suite 903, 330 Bay Street, Toronto, Ontario. The beneficial owners of the other shares registered as above are unknown to the Company.</p> |  |
| Registrant   | Total Number<br>of Shares   | Shares Held<br>in Escrow |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Philip E. Boylen,<br>95 Bayview Ridge Cresc., Willowdale, Ont.   | 900,001   | 900,000                  |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Houston & Co.,<br>Houston & Co. Ltd.,<br>335 Bay Street, Toronto, Ont.   | 359,075<br>110,900  | -<br>-                   |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| G.W. Nicholson & Company Limited,<br>67 Richmond St. West, Toronto, Ont.   | 209,675   | -                        |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Doherty Roadhouse & Co.,<br>Doherty Roadhouse & McCuaig Bros.,<br>335 Bay Street, Toronto, Ont.  | 12,539<br>132,432   | -<br>-                   |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Doherty Roadhouse & McCuaig Bros.,<br>800 Place de Victoria, Montreal  | 36,738  | -                        |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |
| Robert L. Armstrong,<br>366 Bay Street, Toronto, Ont.  | 170,500   | -                        |                           |  |  |  |                  |  |                    |  |  |                                |                 |   |                   |        |   |        |   |   |         |   |   |  |



#### SCHEDULE "A"

The Company entered into an Agreement, dated as of the 5th day of January, 1967, with Campbell Chibougamau Mines Ltd., whereby Campbell Chibougamau has elected, after its initial investigation, to bring into production the orebody located on a part (being claims held by the Company under Development License 10082-Claims 1 and 2 and Development License 10537-Claims 1 to 4 inclusive, which claims have since been converted to a Mining Lease) of the Mining Property of the Company situate in Roy Township, in the Province of Quebec.

Campbell Chibougamau was required to have a boundary survey completed on the area covered by the Claims aforementioned and application was made to the Province of Quebec, Department of Natural Resources for a Mining Lease covering the said area, hereinafter referred to as the "Block".

Campbell Chibougamau has undertaken to proceed to bring the orebody aforementioned into production and shall provide all necessary funds for personnel, equipment and services and shall treat the ore produced therefrom at its milling plant and sell the recovered metals in the same manner as from its own Mines. Determination of what is ore shall be at the discretion of Campbell Chibougamau which shall also be entitled to cease production at such time as it shall see fit, not less than thirty (30) days prior notice of cessation of production to be given to the Company. Campbell Chibougamau shall be repaid all capital preproduction expenses incurred by it on behalf of the Company out of first profits derived from the sale of metals recovered. Any exploration expenses and related expenses incurred by Campbell Chibougamau during the examination of the Block carried out by Campbell Chibougamau prior to its election shall be included in preproduction expenses. After repayment to Campbell Chibougamau of preproduction expenses the Company and Campbell Chibougamau shall share equally the net profits derived from the Mine. In determining "Net Profits", mining costs shall be charged at actual cost, and shall include all cost incurred in production of ore from the Block with the exclusion of supervision, and, without limiting the foregoing shall also include the cost of surface rehandling and sampling of the bulk sample, and all other sampling and assaying (other than mill sampling and assaying) and surveying. Trucking is at \$1.00 per ton and administration at \$1.00 per ton milled. Campbell Chibougamau shall not be obliged to provide a surface crushing plant for sampling the ore which shall be done by bulk sampling. Bulk sampling shall consist of stockpiling a suitable proportion of ore out of the loads trucked to the mill of Campbell Chibougamau until not less than 3,000 tons are stockpiled. The bulk sample will be passed through the underground jaw crusher and the surface secondary crushers at the Campbell Chibougamau mill out of which a representative sample shall be taken for assaying. The results of the assay corrected to the Campbell Chibougamau mill concentrate shall determine the metal contained in the ore derived from the Block.

In determining net profits, freight, smelting and refining charges shall be charged at the current average cost per pound applicable to concentrates shipped from the Campbell Chibougamau mill. Any amount payable to the Company determined as aforementioned shall be paid within 45 days after the end of each calendar quarter.

Campbell Chibougamau is now entitled to explore the remainder of the Claims held by the Company situated in Roy Township, on a cost sharing basis, and should Campbell Chibougamau determine to mine and mill any additional ore which may be discovered, then the expenses incurred in such exploration shall be repaid to both parties from first profits and the bringing of such orebody into production shall be dealt with as hereinbefore mentioned.

The Agreement shall continue in full force and effect until such time such orebodies on the Property of the Company, now known or hereinafter discovered within five years from the date of the Agreement, are worked out, except that Campbell Chibougamau shall give notice to the Company as aforesaid. Upon termination of the Agreement by the expiry of time or notice as aforesaid, Campbell Chibougamau shall have a period of sixty (60) days to remove any buildings, machinery or equipment then on the Property. The Company shall share in any proceeds from the disposal of any buildings, machinery or equipment.



## FINANCIAL STATEMENTS

GRANDROY MINES LIMITED  
(Incorporated under the Laws of Ontario)  
BALANCE SHEET - DECEMBER 31, 1967

## LIABILITIES

## ASSETS

## CURRENT

Sundry receivables

## INVESTMENTS

Shares of other mining companies, at cost (quoted market value \$44,360.00)

FIXED

In the Province of Quebec:  
130 claims held under Prospector's Licenses  
in the Townships of Desherbiers and projected  
township 1075, electoral district of Duplessis  
(Baie Johan Beetz area) \$ \$

51 mining claims held under Development Licenses and 1 mining lease in the Township of Roy, County of Abitibi East

In the Province of New Brunswick:  
1,090 acres held under a mining license  
in the Parish of Bathurst, County of  
Gloucester (Pabineau River Area)

Automotive equipment  
Mobilehomes

Less: Accumulated depreciation

## DEFERRED EXPENSES

Mine development and administrative expenses  
 Balance, January 1, 1967  
 Add: Expenses for year ended  
 December 31, 1967

Deduct: Expenses on claims abandoned  
Balance, December 31, 1967

\$ 11,350.73

Bank overdraft

Note payable

Accounts payable and accrued liabilities

153,419.91  
1,000.00

## CAPITAL STOCK

Authorized:

5,000,000 Shares of no par value

Issued and fully paid:  
4,850,005 Shares

\$1,638,755.25

## DEFICIT

|   |                   |
|---|-------------------|
| Balance, January 1, 1967                    | \$826,963.90      |
| Add: Mining claims abandoned                | 18,427.07         |
| Exploration expenses on<br>abandoned claims | 27,814.62         |
| Loss on investments sold                    | <u>126,292.96</u> |
| Balance, December 31, 1967                  |                   |

999,498.55

639.256.70

146,788.89

$$\begin{array}{r} 4,122.90 \\ 5,700.00 \\ \hline 9,822.90 \\ 8,005.06 \end{array}$$

1.817.84

Director

$$\begin{array}{r} 347,272.55 \\ 120,833.38 \\ \hline 468,105.93 \\ 27,814.62 \end{array}$$

440,291.31

\$754,668.68

\$754,668.68

SHAREHOLDERS' EQUITY

GRANDROY MINES LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1967

SOURCE OF FUNDS

Disposal proceeds from sale of investments \$ 27,172.18

APPLICATION OF FUNDS

Acquisition of 130 claims in the Baie  
Johan Beetz area; Province of Quebec 9,001.77

Increase in deferred mine development  
and administrative expenses

Mine Development Expenses

|                               |                   |
|-------------------------------|-------------------|
| Assays                        | \$ 3,145.07       |
| Diamond drilling              | 32,916.45         |
| Geologists' fees and expenses | 9,018.81          |
| License and transfer fees     | 1,637.50          |
| Maps and blueprints           | 531.24            |
| Surface exploration           | 41,331.19         |
| Surface superintendence       | 5,705.20          |
| Travelling and transportation | 8,514.49          |
|                               | <u>102,799.95</u> |

Administrative Expenses

|  |                  |
|--|------------------|
| Advertising                                    | 670.36           |
| Automotive maintenance                         | 536.55           |
| Bank charges                                   | 12.66            |
| Capital and place of business tax              | 120.00           |
| Depreciation expense                           | 779.07           |
| Directors' attendance fees                     | 2,000.00         |
| Engineering and consulting fees                | 1,484.80         |
| Filing fees                                    | 425.00           |
| General expenses                               | 294.38           |
| Head office administration                     | 3,750.00         |
| Insurance                                      | 328.20           |
| Interest (net)                                 | 584.21           |
| Legal and audit                                | 1,962.00         |
| Listing and sustaining fees                    | 200.00           |
| Office stationery and supplies<br>and printing | 1,382.18         |
| Postage  | 393.48           |
| Shareholders' reports                          | 1,127.78         |
| Telephone and telegraph                        | 476.14           |
| Transfer agent and registrar fees              | 1,442.90         |
| Travelling                                     | 63.72            |
|  | <u>18,033.43</u> |

Total mine development and  
administrative expenses 120,833.38

Deduct expense not requiring  
current cash outlay  
Depreciation expense

779.07

120,054.31

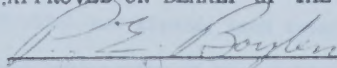

129,056.08

WORKING CAPITAL

|                                 |                          |
|---------------------------------|--------------------------|
| Decrease for the year           | 101,883.90               |
| Deficiency at January 1, 1967   | <u>2,177.35</u>          |
| Deficiency at December 31, 1967 | <u><u>104,061.25</u></u> |

|                     | January<br><u>1, 1967</u> | December<br><u>31, 1967</u> |
|---------------------|---------------------------|-----------------------------|
| Current assets      | \$ 313.81                 | \$ 11,350.73                |
| Current liabilities | <u>2,491.16</u>           | <u>115,411.98</u>           |
| Deficiency          | <u>\$ 2,177.35</u>        | <u>\$104,061.25</u>         |

APPROVED ON BEHALF OF THE BOARD

|   |          |
|---|----------|
|  | Director |
|  | Director |



We hereby certify that there have been no material changes in the items on the Balance Sheet of the Company since date of the said Balance Sheet dated December 31, 1967 and date of the Company's Filing Statement dated January 29, 1968.

GRANDROY MINES LIMITED

R. E. Boylen, President

S. H. H. H. H. H., Secretary-Treasurer

GRANDROY MINES LIMITED

SCHEDULE OF INVESTMENTS

DECEMBER 31, 1967

|   | <u>Cost</u>         | <u>Market Value</u> |
|---|---------------------|---------------------|
| 20,000 Atlantic Coast Copper Corporation Limited                              | \$ 24,870.00        | \$13,200.00         |
| 1,500 Beauce Placer Mining Co. Ltd.   | 1,125.00            | 105.00              |
| 32,500 Coniagas Mines Limited (The)   | 87,808.50           | 16,900.00           |
| 1,000 Key Anacon Mines Limited  | 3,950.57            | 780.00              |
| 10,700 Northern Canada Mines Limited  | <u>19,165.84</u>    | <u>13,375.00</u>    |
|   | 136,919.91          | 44,360.00           |
| <u>Other</u>  |                     |                     |
| 165,000 Beauce Placer Mining Co. Ltd. (in escrow)                             | 16,500.00           |                     |
| 200,000 Bocaboie Gold Mines Limited (180,000 shares<br>in escrow)             | *                   |                     |
| 180,000 Captain Mines Limited (in escrow)                                     | *                   |                     |
| 300,000 Eastmont Larder Lake Gold Mines Limited<br>(270,000 shares in escrow) | *                   |                     |
| 55,912 Kontiki Lead & Zinc Mines Limited<br>(in escrow)                       | <u>*</u>            |                     |
|   | 153,419.91          |                     |
| Dominion of Canada Bond   | <u>1,000.00</u>     | <u>901.25</u>       |
|   | <u>\$154,419.91</u> | <u>\$45,261.25</u>  |

\* No Book Value

# ENGINEER'S REPORT

The following is a Narrative Summary of a Supplementary Report (Primary) dated February 2, 1968, on mining claims known as "The Johan Beetz Area Property" in the Province of Quebec. A complete copy of this report together with a Mineral Exploration Report (Primary) dated November 13, 1968, both prepared by C.T. Ritchie, B.Sc.P.Eng. is on file with the Toronto Stock Exchange.

## NARRATIVE SUMMARY

In February 1967 Grandroy Mines Limited staked a block of 130 contiguous mining claims, approximating 5,200 acres, mainly in Desherbiers and Johan Beetz Townships, Saguenay County, Quebec. The property lies eight miles north of the Gulf of St. Lawrence. Access is by means of small aircraft operating out of Havre St. Pierre, thirty miles distant. The general area may best be described as a wooded wilderness, where uranium prospects have been recently discovered. The uranium mineralization of the area is found in some of the numerous pegmatite sills or layers of a granitic complex.

Early in June 1967 an airborne survey revealed that some thirty-nine abnormally radioactive zones occur on the Grandroy property. Nineteen of the anomalies were inspected on the ground during that year, and two of these were opened by rock trenching.

One zone on Grandroy's claims was both trenched and diamond drilled during 1967. The chief uranium minerals of this zone are uraninite or pitchblende and possibly thucolite. Some thorium is present, but chemical assays indicate that seventy percent of the radioactive mineralization is uranium oxide.

Three rock trenches cross the latter mineralized zone. The weighted average of samples representing a combined length of 282 feet is 0.227%  $U_3O_8$  radimetric equivalent. Nine of nineteen diamond drill holes intersect mineralization. The average vertical thickness of the intersections is 7.5 feet, and the weighted average grade is 0.069%  $U_3O_8$  radiometric equivalent. The lesser of the weighted average grade and arithmetic average grade of the trenches and drill holes is 0.103%  $U_3O_8$  (chemical) or 2.06 lbs. of uranium oxide per short ton. About 35,000 tons of this grade are indicated in an undulating pegmatite structure. No barren zones have been found in the apparently continuous body, which at depth may extend beyond the intersections. In spite of its excellent grade, the mineralization may not be termed ore unless a large tonnage is eventually outlined.


An appreciable amount of recommended general exploration work was performed on the property in 1967. The recommendations include considerable line cutting, surface prospecting, radiometric surveying, and 7,000 feet of diamond drilling. Of the latter, 4,700 feet has been completed. The cost of the recommended program, including about \$90,000.00 which has already been spent on limited diamond drilling and partial exploration of the claims, is estimated at \$150,000.00.



## C E R T I F I C A T E

I, CICERO THEODORE RITCHIE, of the Borough of East York, County of York, Province of Ontario, hereby certify:

- (1) THAT I reside at 42 Cameron Crescent, Toronto 17, Ontario.
- (2) THAT I am a geologist and that I have been practising in my profession for more than twelve years.
- (3) THAT I studied physics and geology and graduated from Dalhousie University in 1938 with the degree of Bachelor of Science.
- (4) THAT I am a member of the Association of Professional Engineers of the Province of Ontario. (Mining Branch).
- (5) THAT I have not, directly or indirectly, received nor do I expect to receive any interest, direct or indirect, in the property of Grandroy Mines Limited or any affiliate of that Company, nor do I beneficially own, directly or indirectly, any securities of that Company or affiliate of that Company.
- (6) THAT I am absolutely independent of Grandroy Mines Limited and all affiliates of that Company, and that I am not related to, associated with, or employed by any insider of any interested Company.
- (7) THAT on August 11 and 13, 1967, I personally examined an important part of the property discussed in this report.
- (8) THAT this report is based on the results of an airborne radioactivity survey performed over the property, on publications of the Quebec Department of Natural Resources, on the field and office records of Grandroy Mines Limited and affiliated companies, on the logs and assays of diamond drill holes and trenches, and on my own observations while inspecting the property and its vicinity.

  
C. T. Ritchie, B.Sc., P.Eng.

Dated at Toronto, Ontario  
the 2nd day of February, 1968





|   |   |   |               |                         |
|---|---|---|---------------|-------------------------|
| 16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.   | It is believed that the present Directors of the Company are in such position, dependent upon proxies from a sufficient number of shareholders.   |   |               |                         |
| 17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value. | Number of Shares  | Name of Companies   | Book Value \$ | Market Value 26/1/68 \$ |
|   | 32,500  | The Coniagas Mines, Limited   | 87,808.50     | 16,250.00               |
|   | 166,500   | Beauce Placer Mining Co. Ltd. (165,000 shares held in escrow)           | 17,625.00     | 112.50                  |
|   | 20,000  | Atlantic Coast Copper Corporation Limited                               | 24,870.00     | 13,400.00               |
|   | 10,700  | Northern Canada Mines Limited   | 19,165.84     | 12,519.00               |
|   | 300,000   | Eastmont Larder Lake Gold Mines Limited (270,000 shares held in escrow) | No value      | N.M.V.                  |
|   | 180,000   | Captain Mines Limited (180,000 shares held in escrow)                   | No value      | N.M.V.                  |
|   | 200,000   | Bocabois Gold Mines Limited (180,000 shares held in escrow)             | No value      | N.M.V.                  |
|   | 55,912  | Kontiki Lead & Zinc Mines Limited (55,912 shares held in escrow)        | No value      | N.M.V.                  |
|   |   | Dominion of Canada Bond   | 1,000.00      | 901.25                  |
|   |   |   | 150,469.34    | 43,182.75               |
| 18. Brief statement of any lawsuits pending or in process against company or its properties.  | There are no lawsuits pending or in process against the Company or its properties.  |   |               |                         |
| 19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.   | See Schedule "A" on page 3.   |   |               |                         |
| 20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.          | <p>No shares of the Company are presently in primary distribution to the public. Shares which shall be purchased by shareholders under the proposed rights offering may be offered and sold by such shareholders by way of secondary distribution.</p> <p>Shares which may be purchased by the underwriter named in Item 6 hereof, pursuant to its commitment to the Company, may be offered and sold in primary distribution only in compliance with the provisions of The Securities Act, 1966.</p> <p>From latest results obtainable, it is indicated that commencing mid-1968 the Company can anticipate from production on a continuing basis a net amount in excess of \$50,000.00 per month being its share from the Company's Roy Township, Quebec, property being customed mined and milled under a share profit agreement with Campbell Chibougamau Mines Ltd. (No Personal Liability).</p> <p>There are no other material facts.</p> |   |               |                         |

DATED January 29th, 1968.

#### CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"P. E. Boylen"

By:

GRANDROY MINES LIMITED

CORPORATE

"G. L. Moore"

and,

SEAL

Secretary-Treasurer

#### CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

MIKARIS HOLDINGS LIMITED

"D. W. Gordon"

By:

President

"G. L. Moore"

and,

Secretary-Treasurer



